



Martin O'Malley, *Governor*
Malcolm D. Woolf, *Director*
1623 Forest Drive, Suite 300
Annapolis, MD 21403
p.410.260.7655
800.72.ENERGY
f.410-974-2250
www.energy.maryland.gov

Maryland Geothermal Heat Pump Grant Program Update

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Davis-Bacon Act – prevailing wage requirement removed for residential installations:

On December 30, 2009 the US Department of Energy released a memo making a final determination that rebates to individual homeowners for energy efficiency and renewable energy improvements to an individual's home are no longer subject to Davis-Bacon Act prevailing wage requirements (Please see final paragraph: http://www.naseo.org/programs/sep/recovery/SEP_DBA_Program_Notice_10-003_123009_Final.pdf). As a result, applicants who are individual homeowners are no longer required to submit contractor's payroll forms with their Completion Certificate (Attachment B) in order to receive an MEA geothermal heat pump grant. Applicants who are registered businesses, organizations and/or government entities will still need to ensure that Davis-Bacon Act requirements are met and will have to produce certified payroll forms to be eligible for an MEA grant. Other ARRA requirements require that additional information such as contractor and subcontractor DUNS#, applicant's congressional district, project start date, project installation date, estimate of energy generated/saved, as well number of jobs created or retained as a result of ARRA funds (more on jobs created/retained below) will still need to be provided or accompanied with an applicant's Attachment B.

Maryland Historic Trust

New ARRA guidelines mandate that all applicants for a Maryland Geothermal Heat Pump Grant must have their proposed project approved by the Maryland Historical Trust (MHT) to ensure that the project will have no adverse effect on properties deemed historically significant. In order to receive a grant from MEA, an applicant's proposed project must pass MHT review. All applicants must complete MHT's Project Review Form and submit the completed form and all supporting documentation to MEA for processing, regardless of age of home/building or location of property. MEA will submit these documents to MHT on the applicant's behalf. Either MHT or MEA will notify the applicant that the proposed project has cleared the MHT review process, or that additional conditions are necessary. The Project Review Form is available at: http://mht.maryland.gov/documents/PDF/Compliance_Forms_Projectreview.pdf. The MHT review form asks for an aerial photo (Google Earth/Maps is fine) of the property with the location of wells

clearly marked. Such a photo can also be used as a substitute for the site plan which is already a requirement for the MEA grant application.

Going forward, MEA strongly urges applicants not begin installation of their geothermal heat pump system until they receive notification from either MEA or MHT that their proposed project has passed Historical Trust review. Furthermore, customers should be made aware that passing MHT review does not automatically mean they will receive a grant approval from MEA, as grant approval is still contingent on MEA having sufficient funding for the program. In addition, customers should also be made aware that construction prior to receiving MHT approval may make the proposed project ineligible to receive an MEA grant.

Reporting Jobs Created or Jobs Retained

The Federal Office of Management and Budget (OMB) released a memo on December 18, 2009 providing guidance on how to calculate jobs created and jobs retained as result of the disbursement of ARRA funds. OMB requests that figures for jobs created and retained, no longer be broken out by either part-time or full-time employees and to be measured as a singular full-time employee equivalents (FTEs) In addition, FTEs are to be calculated on a quarterly basis. As a result, we ask that all contractors going forward use the formula below to fill out the jobs created/ jobs retained section of Attachment B.

Jobs Formula:

Add up the total number of man-hours worked on an installation, regardless if the employees are full-time, part-time, or temporary. Divide that number by 520 (the number of total hours that is possible to work in one-quarter, assuming 40 hour work week). This equals the number of full-time employee equivalents (FTE) Created if all man-hours were performed by new hires. If all man-hours were performed by existing employees, then this figure would represent FTE Retained.

Sample on how to calculate:

A geothermal heat pump installation was performed by a company that had five existing full-time employees work three 8 hour days and one newly hired employee work one 8-hour day plus 6 hours on the second day.

Simply take 5 (number of full time employees) x 8 (hours worked per day) x 3 (number of days works) = 120 man hours for the existing four employees.

Take 120 man-hours/520 = **0.23 Jobs Retained**

Then add 8 (hours worked by new employee on day one) + 6 (hours worked by new employee on day two) = total of 14 man-hours.

14 man-hours/520 = **0.03 Jobs Created**

For more information please see: http://www.whitehouse.gov/omb/assets/memoranda_2010/m10-08.pdf sections 5.2 through 5.5

Allocation of Grant Offer Letters

From this point onward, MEA will only be sending out grant offer letters to applicants who have already submitted 1) a signed Terms and Conditions (Attachment A) and 2) have passed MHT review. MEA has been in contact with MHT and has forwarded information from applications already submitted to verify whether further MHT review will be needed. If MHT informs MEA that a particular application will need further review, MEA will contact the applicant directly to inform them of MHT requirements and needed documentation.

Please note, that because of the lifting of the Davis-Bacon Act requirement for residents as well as the addition of Maryland Historic Trust review, MEA has updated the Attachment A (dated January 2010) which all forthcoming applicants will need to sign and submit along with their application to qualify for a grant. For applicants who have previously submitted the former Attachment A (directing them to adhere to Davis-Bacon Act requirements), they will **not need** to resend the updated Attachment A dated January 2010, as the previously submitted and signed attachment A will suffice. Additionally, if you have submitted a Completion Certificate on an applicant's behalf with a certified payroll form attached, you will not need to resend the revised Completion Certificate dated January 2010.

With prevailing wage forms no longer needed for residents, there are a large number of previously submitted applications that MEA had originally thought would be ineligible for an ARRA funded grant, that are now likely eligible. However, in order for these applicants to receive an ARRA funded grant they will still need to provide to MEA the new Completion Certificate dated January 2010 (if they have not done so already or if they submitted the old Completion Certificate that was on MEA's website prior to October of 2009) as well as sign the new Attachment A dated January 2010 if they have not previously submitted a signed Attachment A. If your company would like to inquire which of your customers falls under the following categories and may need to resubmit a revised January 2010 Completion Certificate, MEA would be happy to oblige such request.